

132nd Annual Report, 1981



**NOVA SCOTIA
SAVINGS & LOAN
COMPANY**



"Atlantic
Canada
is on the
threshold
of a
period of
unprecedented
growth"

Residential Mortgage Loans

We know our business —
we've been making
mortgage loans since 1850.

...if you are

- buying
- building
- renovating
- or refinancing

Talk to us: we provide quick,
personal service and
competitive rates.

 **NOVA SCOTIA
SAVINGS & LOAN**
SERVING CANADIANS SINCE 1850

President's Remarks



*Mr. James Radford, President, and in background
Mr. Robert Noble, First President, 1850*

Fiscal 1981 was a difficult year for Canada. The country was buffeted by economic crosscurrents, very high and volatile interest rates, a severe drop in construction and uncertainty on many fronts. In spite of this however, I am able to report that your company, in its 132nd year, not only weathered the storms but made progress.

It is important to place recent events in perspective and with that in mind, we asked the Atlantic Provinces Economic Council to prepare a brief outlook for the Atlantic region, which is home to us and where we do approximately three-quarters of our business.

APEC's study, "The Atlantic Economy: Update and Prospects", is included in this report and helps provide us with a reference point for the past and future. The opening sentence of the study sets the tone: "Atlantic Canada is on the threshold of a period of unprecedented growth."

This unprecedented growth will be of significance to your company. Its potential in the longer term must be measured against an economic background different from that of today. The only question to be asked is whether Nova Scotia Savings & Loan will be well positioned to participate and prosper.

Perhaps the best way to answer that is to examine performance under conditions more difficult than have been seen for some time. In the year just past our earnings were steady and aside from that accomplishment, there were others as well.

During the year a new office in St. John's, Newfoundland, was opened and has already proved its worth. The company now has offices and branches in all Atlantic Provinces as well as Alberta, which is the focus of our growing business in Western Canada.

Nova Scotia Savings & Trust Company was granted letters patent at the end of 1980 and commenced business in 1981. This subsidiary is important because it adds to the range of services we can offer and therefore enhances our competitive position. Nova Scotia Savings & Trust recently became a member of the Trust Companies Association of Canada.

As well as improving our competitive position in Atlantic Canada by expanding the branch network, several new agents were added. Our agents represent the company in communities across Canada and are responsible for a valuable portion of new business.

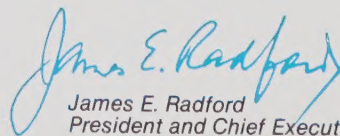
Our internal and external marketing programs were strengthened, and as part of our plan to fully integrate information and accounting systems, improvements were made to our data processing facilities. This will lead eventually to a complete on-line banking system.

One of the disappointments of the year was that expected changes in trust and loan legislation were not introduced in Parliament. In each of our last two annual reports I said that we hoped that broader investment and lending powers would be granted our industry through changes in the Loan Companies Act and the Trust Companies Act. Unfortunately this has not happened and the outlook for first reading of this long-awaited federal legislation is still very unclear. I can only reiterate the hope that this will come to pass in 1982. Additions to powers are necessary to help cope with business conditions and competition drastically different from those existing when the present powers were granted many years ago.

Widely fluctuating interest rates and the expectation that this condition may continue, have resulted in both depositors and borrowers choosing shorter terms. This has radically changed the trust and loan industry. It is no longer a question of accepting deposits and making loans on a medium-term basis. One year terms are getting to be much more the norm than the exception. On the asset side we have already seen the introduction of variable rate mortgages and think that this may become commonplace in the future.

Inflation in Canada and the United States is beginning to respond to the pressure of tight monetary policies and the recession. Although real stability may not return to financial markets in the short run, we are confident that the current period of restraint will begin to moderate the extremes in our economy with which we have had to contend for so long.

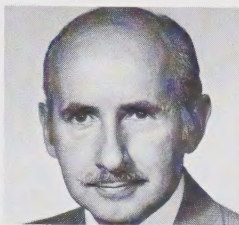
We view the current difficulties as being of short-term duration and are very bullish on the longer-term prospects for the Atlantic region and for the country.


James E. Radford
President and Chief Executive Officer

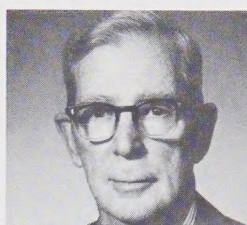
Directors' Report



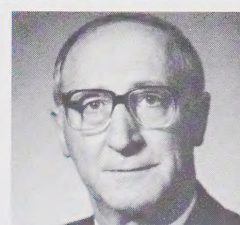
George C. Piercey



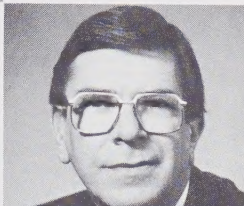
James E. Radford



A. Russell Harrington



Dean W. Salsman



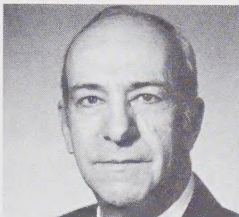
Hector McInnes



Sidney M. Oland



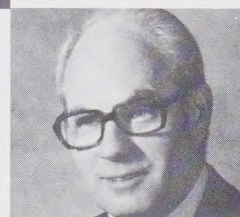
Lloyd R. Shaw



Austin E. Hayes



G. Ross Guy



Leonard H. Lockhart

The year under review was one of the most difficult; the inherent instability in Canadian financial markets as a result of interest rates that were higher and more volatile than at any time in our recent past, made day-to-day business a challenge, to say the least. Competition for good quality earning assets, matched as to maturity with fund sources, was intense, and many financial intermediaries have not fared well. Our own results should be measured against this background.

The financial statements are a consolidation of the figures for Nova Scotia Savings & Loan Company and its subsidiary, Nova Scotia Savings & Trust Company. Net income for 1981 was \$968,204 or 59¢ per average common share outstanding (after full provision for dividends on preferred shares), compared with \$950,699 or 66¢ per average common share outstanding in the previous year.

The absolute dollar value of net income rose while the cents per common share declined as the result of an increase in the weighted monthly average of shares outstanding to 1,120,318 from 969,818 in 1980.

Nova Scotia Savings & Trust Company

This report covers the consolidated operations of Nova Scotia Savings & Loan Company and Nova Scotia Savings & Trust Company, the latter being wholly owned except for directors' qualifying shares.

Assets, Operations and Dividend Payments

At the end of 1981 total consolidated assets were \$409,943,995, an increase of \$6,792,476 over the preceding year. Gross 1981 income was \$50,317,043, an increase of 10.5%. Interest paid on deposits was \$44,246,866, an increase of 11.2%. All other expenses, including salaries, administration, provision for losses, depreciation, and amortization were \$4,908,473, an increase of 13.4%. In light of the effect of inflation on all costs, the opening of a new branch, and the start-up expenses associated with Nova Scotia Savings & Trust Company, we consider that the operating costs have been well controlled.

Dividends on preferred shares were \$305,299, or \$2.05 per share. Common share dividends continued at the rate of 40¢ per share for a total of \$448,127.

Shareholders' Equity

Shareholders' equity increased during the year to

\$18,933,950, being principally the result of net income less dividends paid. The only other change in shareholders' equity for the year was caused by the redemption of 1,500 preferred shares.

Real Estate

There was a 7.9% increase in the number of properties in Real Estate Held For Sale during 1981. This increase is primarily attributable to the general slowdown in real estate sales which is being experienced in most areas of Canada, and in particular the Atlantic Provinces.

The number of mortgage accounts in arrears has been substantially reduced over the past year, a notable achievement in light of economic conditions, and further improvement is expected over the coming year.

Board of Directors

There were no changes in the composition of the Board of Directors during the year. The Executive Committee of the Board met regularly during 1981. The Audit Committee and other committees met at various times, in addition to the meetings of the full Board.

Employees

The challenges of the past year could not have been met without the support of the company's employees. The changing times have placed great demand on the loyalty and dedication of the staff which the Directors, on their own behalf as well as that of management and shareholders, are pleased to recognize and commend in this report.

George C. Piercey
Chairman of the Board

James E. Radford
President and Chief Executive Officer

Deposits

- Regular and daily interest savings
- Investment Savings Certificates
- Guaranteed Investment Certificates
- Registered Retirement Savings Plans
- Registered Home Ownership Savings Plans
- Short Term Certificates



Deposit Services, Clayton Park Branch

During the year the range of deposit services was increased by the formation of Nova Scotia Savings & Trust Company. The trust company's GICs, both short-term (30-364 days) and long-term (one-five years), have been well accepted.

The establishment of the trust subsidiary is of significance to depositors and investors because both companies offer the security of membership in the Canada Deposit Insurance Corporation.

The year was marked by interest rates at unprecedented levels. Because of the extreme volatility of markets, our emphasis was on the matching of deposit liabilities with earning assets. This was reflected in the management of the short-term portfolio, which remained stable during 1981, changing only from \$22,106,475 to \$24,246,928.

It is our belief that interest rates will remain at high levels throughout 1982 and mortgages will be of shorter duration. Under those conditions we will continue to adjust the deposit portfolios as appropriate.

Investments

During the year the investment portfolio rose to \$23,054,771, being invested approximately as follows: one-third in short-term bonds; one-third in chartered banks deposit certificates (held principally for liquidity purposes) and one-third in common and preferred stocks.

Investment income was \$3,083,108, an increase of 18.8%.

Trust Company

The establishment of Nova Scotia Savings & Trust Company has broadened the services your company is able to offer, and it is our intention eventually to provide a wide range of trust services to the public.



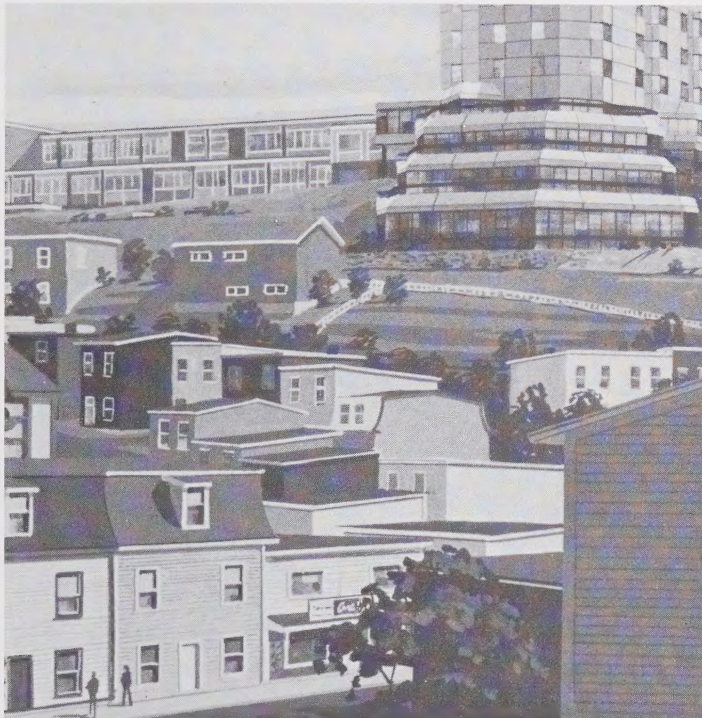
Planning Trust Services, Head Office



Customer Services, Dartmouth Branch

Lending Services

- First and second mortgages
- Commercial loans
- Personal and collateral loans



Mortgages

Housing reflected the malaise in the financial markets generally. Interest rates reduced starts to their lowest levels in years, and the climate in mortgage markets signalled the need for caution.

It was with that caveat we approached the lending business in 1981. Maturities were carefully matched and an improving spread maintained over the cost of funds.

Mortgage approvals during the year exceeded \$106 million and advances were \$36,500,000, down slightly from the previous year.

There was a general shortening of term during the year and a significant move in mortgage markets towards floating rate loans. Our portfolio policy is to seek geographic as well as property diversification, and during the year loans were made on real estate in many major Canadian cities.

Commercial Loans



Head Office Mortgage Planning

We participated with a number of other lenders in syndicated loans, which gave us a broader exposure to more markets and provided a measure of additional security.

Funds were advanced against office buildings, shopping centres, hotels, condominiums, both residential and commercial and, of course, single family dwellings.

We do not anticipate any dramatic change in mortgage markets during 1982, although some moderation in interest rates and inflation is expected towards the year end.

Personal and Collateral Loans

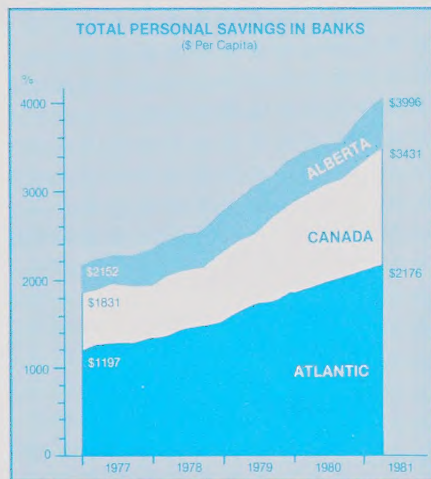


Halifax Branch processing loan application

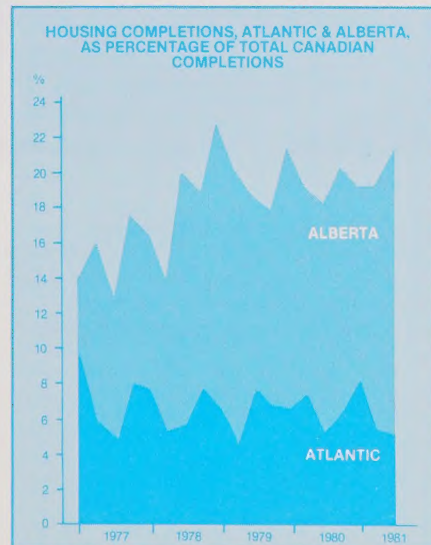
These loan services continued to grow during the year. Outstanding balances at year-end were \$7,377,626, an increase of 67% over the previous year. Loan approvals were in excess of \$5,500,000. These services, which complement our more traditional business, are expected to increase again this year, although conservatively.

The Atlantic Economy: Update and Prospects

Atlantic Canada is on the threshold of a period of unprecedented growth. The Major Projects Task Force, chaired by Robert Blair of Nova, in a recently released report predicted over \$46 billion in mega-projects for Atlantic Canada by the year 2000. This represents over 10 per cent of the major project spending in Canada, and as such is a significant sign for things to come in the region. The Atlantic Provinces Economic Council has identified over \$30 billion in major projects that could begin within the next decade. It is little wonder that there is a strong undercurrent of optimism in the region.



Many of the projects identified are set to go and are only awaiting a break in the slowdown which gripped the country at the end of 1981. Energy projects appear to be hardest hit by current economic conditions as well as the



dramatic changes taking place in world energy prices. The present situation does not signify a cancellation of the projects, only a postponement of the start-up date. The type of growth experienced in Alberta over the past few years could become commonplace in Atlantic Canada in the not too distant future.

The present trends in certain indicators for Atlantic Canada put the region very close to the national average, in itself a vast improvement over recent times. The Canadian average is, furthermore, pulled upwards significantly by explosive growth in the west. The charts show that both population and employment have grown faster in Alberta than nationally since 1977, and in employment growth alone the Atlantic average is higher for most of the time than the national average. Although the differential between

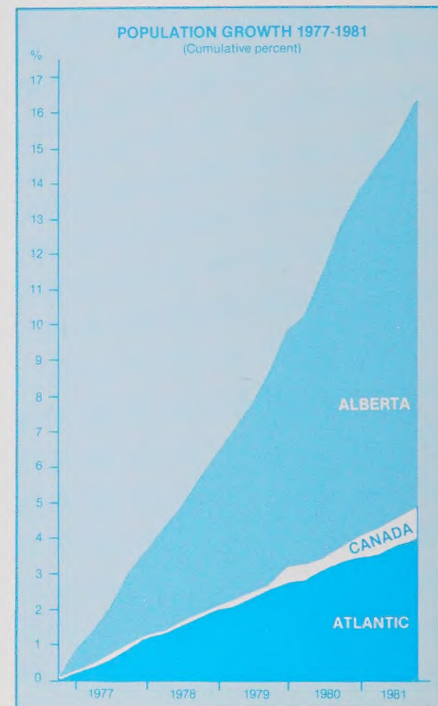
“ATLANTIC CANADA IS ON THE THRESHOLD OF A PERIOD OF UNPRECEDENTED GROWTH”

average weekly wages in Alberta and the Atlantic region has widened since 1977, this gap will certainly close as more and more skilled workers take up jobs in Atlantic Canada. This, in turn, will generate more total personal savings (on a per capita basis) as has happened in Alberta, and the gap in this indicator between the two parts of the country will also close up. And residential construction in the Atlantic region, already a stable 6 or 8 per cent of the national total (aside from seasonal cycles) will begin to match the growth exhibited by Alberta (from about 15 per cent of the national total in 1977 to more than 20 per cent in 1981).

While the long-term prospect is positive, there is a pause in the rate of development which will last for at least a goodly portion of 1982. American economic policies (a combination of control of the money supply, high interest rates, expenditure controls, and fiscal measures) have spilled over to

Canada. As long as inflation rates remain high, interest rates will similarly remain high. In a climate such as this, businessmen find it difficult to make concrete investment plans, and consequently, normal expansions and the launching of new ventures are often postponed.

But growth will come to the region. In Atlantic Canada there is a host of



energy-related projects (hydro, offshore, coal and tidal) upon which growth will be based. Spin-off projects (such as drilling rig and production platform construction) are already becoming a reality in the region. These projects will be complemented by others, such as base metals and potash mining in New Brunswick, tin mining in Nova Scotia, a convention centre in Prince Edward Island and mineral and forest developments in Newfoundland and Labrador.

The promise of the future is substantial in the Atlantic region. In many respects, this promise is already becoming a reality. The pause in development caused by current conditions should not be construed as typical of the future of the region. The full potential of Atlantic Canada will be realized in the years ahead.

A. H. Williamson
Acting President
Atlantic Provinces Economic Council

Financial Highlights

For the information of shareholders, the valuation day value of the Company's common stock for capital gains tax purposes as published by the Department of National Revenue, Taxation, is \$15.50.

Consolidated Balance Sheet:

	1981	1980
Total assets	\$409,943,995	\$403,151,519
Securities	23,054,771	22,080,746
Loans	379,059,448	375,590,643
Savings deposits	15,872,570	16,014,828
Short-term certificates	24,246,928	22,106,475
Investment savings certificates	346,421,148	342,094,387
Shareholders' equity	18,933,950	18,762,858

Consolidated Statement of Income:

Total income	\$ 50,317,043	\$ 45,544,798
Interest on deposits	44,246,866	39,796,106
All other expenses	4,908,473	4,328,352
Net income	968,204	950,699
Net income per common share	0.59	0.66
Dividends declared on common shares	448,127	382,571
Dividends declared on preferred shares	305,299	306,684

Consolidated Statement of Income Year ended December 31, 1981 (with comparative figures for 1980)

	1981	1980
Income:		
Interest from mortgages and other loans	\$46,821,402	\$42,613,377
Investment income	3,083,108	2,595,740
Fees and commissions	273,679	236,523
Other income	138,854	99,158
	<u>50,317,043</u>	<u>45,544,798</u>
Expenses:		
Interest on deposits	44,246,866	39,796,106
Administration	4,435,525	3,843,468
Provision for losses and accounts written off	382,794	399,811
Depreciation and amortization	90,154	85,073
	<u>49,155,339</u>	<u>44,124,458</u>
Operating income before income taxes	1,161,704	1,420,340
Income taxes:		
Current	299,800	362,000
Deferred	(10,000)	113,000
	<u>289,800</u>	<u>475,000</u>
Operating income before securities gains	871,904	945,340
Securities gains, less related income taxes	96,300	5,359
Net income	<u>\$ 968,204</u>	<u>\$ 950,699</u>
Earnings per common share (note 9):		
Income before securities gains	\$.50	\$.65
Securities gains	.09	.01
Net income	<u>\$.59</u>	<u>\$.66</u>

See accompanying notes to consolidated financial statements.

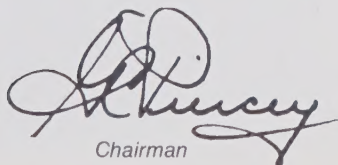
Consolidated Balance Sheet

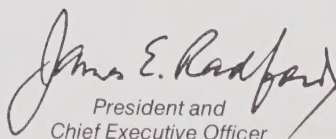
December 31, 1981 (with comparative figures for 1980)

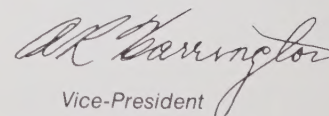
	1981	1980
Assets		
Cash and short-term deposits	\$ 2,910,798	\$ 1,361,199
Securities (note 2)	23,054,771	22,080,746
Loans:		
Mortgages, less allowance	371,681,822	371,173,809
Other loans	7,377,626	4,416,834
	<u>379,059,448</u>	<u>375,590,643</u>
Other assets:		
Real estate (note 3)	4,316,058	3,545,670
Equipment, furnishings, and leasehold improvements at cost less accumulated depreciation and amortization	363,871	400,222
Sundry	239,049	173,039
	<u>4,918,978</u>	<u>4,118,931</u>
	<u>\$409,943,995</u>	<u>\$403,151,519</u>

See accompanying notes to consolidated financial statements.

The undersigned officials of Nova Scotia Savings & Loan Company hereby certify that they have examined the consolidated financial statements of the company and that, to the best of their knowledge and belief, the statements are correct and show truly and clearly the financial condition of the company's affairs.


Chairman


President and
Chief Executive Officer


Vice-President

Liabilities and Shareholders' Equity**1981****1980**

Deposits:

Savings deposits	\$ 15,872,570	\$ 16,014,828
Short-term certificates	24,246,928	22,106,475
Investment savings certificates	346,421,148	342,094,387
Subordinated notes	1,114,918	1,111,934
	<u>387,655,564</u>	<u>381,327,624</u>

Other liabilities

1,210,481

927,037

Deferred income taxes (note 1)

2,144,000

2,134,000

Shareholders' equity:

Capital stock (note 5)	5,202,636	5,232,636
General reserve (note 6)	10,506,314	10,500,000
Retained earnings	3,225,000	3,030,222
	<u>18,933,950</u>	<u>18,762,858</u>
	<u>\$409,943,995</u>	<u>\$403,151,519</u>

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Nova Scotia Savings & Loan Company as at December 31, 1981 and the consolidated statements of income, retained earnings, general reserve, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants
Halifax, Canada
January 21, 1982

Consolidated Statement of Retained Earnings Year ended December 31, 1981 (with comparative figures for 1980)

	1981	1980
Balance, beginning of year	\$ 3,030,222	\$ 2,920,778
Net income for the year	968,204	950,699
	<u>3,998,426</u>	<u>3,871,477</u>
Deduct:		
Dividends — common	448,127	382,571
— preferred	305,299	306,684
Transfer to general reserve	—	152,000
Deferred income taxes	20,000	—
	<u>773,426</u>	<u>841,255</u>
Balance, end of year	<u>\$ 3,225,000</u>	<u>\$ 3,030,222</u>

Consolidated Statement of General Reserve Year ended December 31, 1981 (with comparative figures for 1980)

	1981	1980
Balance, beginning of year	\$10,500,000	\$ 8,500,000
Transfer from contributed surplus	6,314	1,848,000
Transfer from retained earnings	—	152,000
Balance, end of year	<u>\$10,506,314</u>	<u>\$10,500,000</u>

Consolidated Statement of Contributed Surplus Year ended December 31, 1981 (with comparative figures for 1980)

	1981	1980
Contributed surplus on issue of common shares	\$ —	\$ 1,848,000
Contributed surplus on purchase of preferred shares	6,314	—
Transfer to general reserve	6,314	1,848,000

Consolidated Statement of Changes in Financial Position Year ended December 31, 1981 (with comparative figures for 1980)

	1981	1980
Funds provided:		
Net income	\$ 968,204	\$ 950,699
Add items not requiring a current outlay of funds	460,153	576,047
Funds provided by operations	<u>1,428,357</u>	<u>1,526,746</u>
Decrease in investments	—	4,852,948
Decrease in real estate	—	913,144
Income taxes recovered	—	131,800
Decrease in sundry assets	—	106,350
Increase in deposits	6,327,940	—
Increase in other liabilities	283,444	495,122
Sale of common stock	—	2,184,000
	<u>\$ 8,039,741</u>	<u>\$10,210,110</u>
Funds applied:		
Increase in cash and short-term deposits	\$ 1,549,599	\$ 571,820
Increase in investments	974,025	—
Increase in loans	3,468,805	8,127,841
Increase in real estate	1,150,388	—
Additions to equipment, furnishings and leasehold improvements	53,802	167,873
Increase in sundry assets	66,010	—
Dividends on common stock	448,127	382,571
Dividends on preferred stock	305,299	306,684
Decrease in deposits	—	653,321
Purchase of preferred shares	23,686	—
	<u>\$ 8,039,741</u>	<u>\$10,210,110</u>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

December 31, 1981

1. Accounting policies:

(a) Principles of accounting

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards.

(b) Consolidation

The financial statements reflect the consolidated financial position at December 31, 1981 and the consolidated results of operations for the year ended on that date of Nova Scotia Savings & Loan Company and its subsidiary Nova Scotia Savings & Trust Company.

(c) Securities

Fixed income securities are stated at cost plus accrued interest and stocks are stated at cost plus dividends receivable. Gains and losses on securities are reflected in income as realized.

(d) Depreciation

Equipment, furnishings and leasehold improvements are depreciated over their estimated useful lives, as follows:

Equipment and furnishings	20% straight line
Leasehold improvements	10-20% straight line

(e) Deferred income taxes

Deferred income taxes have arisen as a result of deducting for income tax purposes amounts allowable in respect of mortgage reserve which are in excess of amounts provided in the accounts. In 1968, the company adopted the tax allocation basis of accounting. In accordance with generally accepted accounting principles, deferred taxes relating to 1967 and prior years amounting to \$217,000 are not reflected in these accounts.

(f) Comparative figures

The comparative figures for 1980 have been reclassified to conform with the financial statement presentation adopted for 1981.

2. Securities:

	1981		1980	
	Cost	Market Value	Cost	Market Value
Bonds	\$ 7,593,746	\$ 7,572,094	\$ 3,396,931	\$ 3,299,206
Chartered bank deposit certificates	7,733,594	7,733,594	11,804,162	11,804,162
Stocks	7,727,431	5,627,749	6,879,653	6,134,311
	<u>\$ 23,054,771</u>	<u>\$ 20,933,437</u>	<u>\$ 22,080,746</u>	<u>\$ 21,237,679</u>

3. Real estate:

	1981	1980
Real estate held for sale at estimated realizable value	\$ 4,086,668	\$ 3,312,172
Real estate held for future development, at cost	229,390	233,498
	<u>\$ 4,316,058</u>	<u>\$ 3,545,670</u>

4. Guaranteed investment account:

Total assets at December 31, 1981 of \$409,943,995 include assets held for guaranteed investment account of \$3,092,891 securing guaranteed investment liabilities of a like amount.

5. Capital stock:

Authorized:

500,000 cumulative redeemable preferred shares, issuable in series, of a par value of \$20 each

2,500,000 common shares of a par value of \$2 each

Issued and fully paid:

150,000 10.25% Series A, cumulative redeemable preferred shares

Less 1,900 shares redeemed (1980-400)

1,120,318 common shares (1980-1,120,318)

	1981	1980
	\$ 3,000,000	\$ 3,000,000
	38,000	8,000
	<u>2,962,000</u>	<u>2,992,000</u>
	2,240,636	2,240,636
	<u>\$ 5,202,636</u>	<u>\$ 5,232,636</u>

6. General reserve:

Included in general reserve are contributed surplus amounts of \$3,748,688.

7. Commitments:

Contractual obligations in respect of long-term leases of premises and computer equipment due within the next five years of \$1,160,869, of which \$357,486 is due in 1982.

8. Segmented information:

Virtually all of the company's business activities pertain to the investment in securities and mortgages of shareholder funds and funds provided from customer deposits.

9. Earnings per share:

Earnings per share are based upon the weighted monthly average of shares outstanding: 1,120,318 for 1981 (1980-969,818).

Comparatives

(All amounts are expressed in thousands except as indicated*)

	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972
Income										
Income	\$ 50,317	\$ 45,545	\$ 42,446	\$ 38,771	\$ 35,903	\$ 31,788	\$ 28,913	\$ 23,991	\$ 17,661	\$ 12,548
% Increase	* 10.5%	7.3%	9.5%	8.0%	12.9%	9.9%	20.5%	35.8%	40.7%	32.5%
Expense										
Interest on deposits	\$ 44,247	\$ 39,796	\$ 37,115	\$ 31,949	\$ 28,431	\$ 26,123	\$ 23,143	\$ 19,784	\$ 13,100	\$ 8,762
Administration Expense	4,436	3,843	3,302	3,090	2,631	2,263	1,623	1,385	1,165	907
Provision for Losses and Accounts Written Off	383	400	806	837	1,023	429	215	7	1	14
Depreciation & Amortization	90	85	65	55	53	48	39	34	41	29
Administration Expense as % of Income	* 8.8%	8.4%	7.8%	8.0%	7.3%	7.1%	5.6%	5.8%	6.6%	7.2%
Earnings										
Net Income Before Taxes	\$ 1,162	\$ 1,420	\$ 1,158	\$ 2,840	\$ 3,765	\$ 2,925	\$ 3,893	\$ 2,781	\$ 3,354	\$ 2,836
Securities Gains (Losses) Net	96	5	231	106	84	—	(4)	280	121	—
Income Taxes — Current	300	362	118	1,002	1,783	1,168	1,575	835	1,072	835
— Deferred	(10)	113	206	163	(189)	97	220	559	555	458
Net Income Available for Distribution	968	951	1,065	1,781	2,255	1,660	2,094	1,667	1,848	1,543
Per Common Share	* .59 ^{1 & 3}	.66 ^{1 & 3}	.80 ^{1 & 3}	1.55 ^{1 & 3}	2.05 ^{1 & 3}	1.42 ^{1 & 3}	2.04 ^{1 & 3}	1.75 ¹	2.00 ¹	1.82
Dividends Declared Per Common Share	* .40	.40	.85	1.00	1.00	1.00	1.00	1.00	.92	.78
Common Shares Outstanding	*1,120,318	969,818 ²	952,318	952,318	952,318	952,318	952,318	952,318	926,007 ²	847,075
Equity										
Preferred	\$ 2,962	\$ 2,992	\$ 2,992	\$ 2,992	\$ 2,992	\$ 2,992	\$ 3,000	\$ —	\$ —	\$ —
Common	15,972	15,771	13,325	13,376	12,854	12,047	11,647	10,914	10,198	7,109
Net Earnings after Taxes on Average Common Shareholders' Equity	* 6.1%	6.5%	8.0%	13.6%	18.1%	14.0%	18.6%	15.8%	21.4%	23.1%
Assets										
Loans	\$ 379,059	\$ 375,591	\$367,463	\$351,890	\$316,786	\$288,817	\$263,536	\$234,938	\$192,529	\$141,025
Securities (at cost)	23,055	22,081	26,934	25,251	23,845	23,415	21,084	14,968	12,593	9,674
Total Assets	409,944	403,152	400,751	384,527	347,633	315,742	287,156	255,682	208,031	152,416
% Total Asset Growth	* 1.7%	.6%	4.2%	10.6%	10.1%	10.0%	12.3%	22.9%	36.5%	38.7%
Savings & Term Deposits										
Savings & Short-Term Certificates	\$ 40,119	\$ 38,121	\$ 58,845	\$ 63,617	\$ 52,252	\$ 50,038	\$ 47,940	\$ 49,570	\$ 45,841	\$ 30,523
Investment Savings Certificates	346,421	342,094	322,025	301,177	275,170	246,247	219,222	192,678	148,226	113,458

¹ Earnings Per Common Share include net securities gains of \$121,350 in 1973; \$280,136 in 1974; net securities losses of \$3,677 in 1975; net securities gains of \$366 in 1976; \$84,045 in 1977; \$106,378 in 1978; \$231,490 in 1979; \$5,359 in 1980; and \$96,300 in 1981.

² Weighted monthly average of shares outstanding.

³ Earnings Per Common Share are calculated on earnings after payment of dividends on preferred shares for 1975 and subsequent years.

Board of Directors/Officers/Management

Directors

*G. Ross Guy, M.C.
Business Executive

†*A. Russell Harrington, B.E., D.Eng., D.C.L.
Business Executive

*Austin E. Hayes, B. Com.
President, Hayes Enterprises Limited

†Leonard H. Lockhart
President, Lock-Wood Ltd.

*Hector McInnes, B.A., LL.B., LL.M., Q.C.
Partner, McInnes, Cooper & Robertson
(Barristers and Solicitors)

Sidney M. Oland, M.A., M.B.A.
President, Labatt Brewing Company Limited

*George C. Piercey, C.M.M., Q.C.
President and Managing Director,
Piercey Investors Limited

*James E. Radford, B.Com., M.B.A., C.A.
President and Chief Executive Officer,
Nova Scotia Savings & Loan Company

†*Dean W. Salsman
Chairman of the Board, Parker Brothers
(1972) Limited

†*Lloyd R. Shaw, M.A., LL.D., D.Eng., D.C.L.
President, L.E. Shaw Investments Limited

**Member of the Executive Committee*

†Member of the Audit Committee

Officers

George C. Piercey, C.M.M., Q.C.
Chairman of the Board

James E. Radford, B. Com., M.B.A., C.A.
President and Chief Executive Officer

A. Russell Harrington, B.E., D.Eng., D.C.L.
Vice-President

Hector McInnes, B.A., LL.B., LL.M., Q.C.
Vice-President

Reuben C. Cluett, R.I.A.
Treasurer and Controller

Barrie H. Black, B.A., LL.B., LL.M.
General Counsel

Russell G. Buell
Supervisor Personnel and Administration

Pauline E. Helms
Secretary

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Branch Manager

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Reginald C. Sabean
Branch Manager

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Branch Manager

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Branch Manager

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M.F.W. (Derick) Bursey
Branch Manager

Charlottetown, Prince Edward Island
37 Grafton Street
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(902) 892-1042

S. Iver M. Cotton
Branch Manager

Bankers

The Bank of Nova Scotia
The Royal Bank of Canada

Head Office Departments

Mortgage Investments
Robert D. Brownrigg, Senior Manager

Branch Operations and Personal Loans
Glenn Wallace, Supervisor
Malcolm M. MacDonald, Manager Personal Loans

Deposit Services
Grant I. Warwick, Manager
Margaret E. Mitchell, Manager Investment
Savings Certificate Sales

Data Processing
Kevin T. Farrell, Manager

Property and Collections
Lauchlin W. MacDonald, B.Sc., Manager

Accounting
John A. Fraser, B.Sc., M.B.A.
Assistant Controller

Nova Scotia Savings & Trust Company

Directors

G. Ross Guy
A. Russell Harrington
Austin E. Hayes
Hector McInnes
George C. Piercey
James E. Radford
Dean W. Salsman
Lloyd R. Shaw

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Chairman of the Board

James E. Radford
President and Chief Executive Officer

A. Russell Harrington
Vice-President

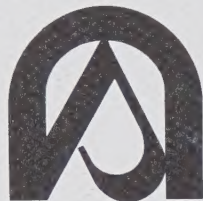
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Member: Canada
Deposit
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Corporation

Stock listed on the
Toronto and Montreal
Stock Exchanges